

FY 2011/2012-2016/2017 CAPITAL IMPROVEMENT PROGRAM REVIEW

TO: Lincoln/Lancaster County Planning Commission

FROM: David Cary, Planning Department

SUBJECT: FY 2011/12 - 2016/17 Proposed Capital Improvement Program

DATE: May 10, 2011

COPIES: Mayor Beutler, Mayor's Capital Improvement Advisory Committee

MEMO ONLY: City Directors, City Budget Office

This memorandum and accompanying document represent the Planning Commission Review Edition of the City of Lincoln's FY 2011/12 - 2016/17 Capital Improvement Program (CIP). (*The Planning Commission Review Addition of the 2011/12 - 2016/17 CIP is available online at <<http://www.lincoln.ne.gov> > Keyword: cip*). The proposed CIP will be discussed at the scheduled Planning Commission briefing on Wednesday, May 18, 2011. A special hearing of the Planning Commission where a finding of conformity will be made by the Planning Commission is scheduled for Wednesday, May 25, 2011.

The memorandum is divided into the following two major sections: (I) Background and Introduction, including consideration of the City Charter specified tasks of the Planning Commission in review of the proposed CIP, and review of other factors regarding the development of the proposed CIP; and, (II) Capital Improvements Program Departmental Review, including a department by department examination of projects and Comprehensive Plan conformity.

I. BACKGROUND AND INTRODUCTION

This section of the memorandum considers a range of topics relating to the City's CIP review procedures. These topics are as follows:

- A. Planning Commission CIP Review Requirements
- B. Conformity Standards and Criteria
- C. Capital Improvements Definition
- D. CIP Relation to TIP
- E. General Obligation (GO) Bonds
- F. Project Scheduling

A. Planning Commission CIP Review Requirements

In accordance with Article IX-B, Section 7, of the Lincoln Charter, <http://lincoln.ne.gov/city/attorn/lmc/charter.pdf>, city departments and agencies have submitted

their six-year capital improvement requests to the Planning Director for compilation into the attached CIP document. **The Planning Commission's task is to now review these individual capital requests to determine their conformity with the approved Comprehensive Plan.** Your comments will then be forwarded to the Mayor's Capital Improvement Advisory Committee (CIAC), and then to the City Council for consideration during their upcoming budget deliberations.

The City Charter's discussion of Comprehensive Plan conformity relative to the capital improvement program is twofold. First, on several occasions the Charter stresses the importance of ensuring that Comprehensive Plan conformity is determined before capital projects are approved by the City Council. One entire section of the Charter (i.e., Article IX-B, Section 6) deals exclusively with this issue. It states in part,

"No ordinance, or resolution, which deals with the acquisition, extension, widening, narrowing, removal, vacation, abandonment, sale or other change relating to any public way, transportation route, ground, open space, building or structure, or other public improvement of a character included in the comprehensive plan, shall be adopted by the council until such ordinance or resolution shall first have been referred to the planning department and that department has reported regarding conformity of the proposed action to the comprehensive plan."

The section goes on to outline procedural steps and time lines for fulfilling this requirement. (Please note that the Charter defines the term "planning department" as including the Commission, Planning Director and staff).

While this directive is echoed throughout various portions of the Charter, it is mitigated by the procedural condition that the Planning Commission's conformity finding is merely advisory. Regardless of the Commission's recommendation, the City Council can approve -- through ordinance or resolution -- any capital improvement, provided that other Charter budgetary requirements and processes are met.

In addition, while the Charter calls for a six year capital improvement program, the City Council only approves a one year capital budget. Although it is designed to express the City's longer term capital funding intent, the CIP document is never adopted in full. (The City Charter recently was amended to enable adoption of two-year budgets; if the City Council decides to move to this system of budgeting, the CIP process will be adjusted accordingly.)

This is not, however, to suggest that the Commission's findings on the remaining years of the CIP are not without significance. Projects in the second through sixth years that have been reviewed for conformity may be added to the Council's Capital Budget by amendment, later in the first year. Concerns raised about projects in the second through sixth year are used by elected officials and staff in the formulation of future CIPs and other departmental level capital programming documents. The private sector considers the CIP in making investment and development decisions.

Also, as discussed later in section 1.D, revised Federal guidelines now require that projects included in the local area Transportation Improvement Program (TIP) be consistent with the area's long range transportation plan (LRTP). This adds substantial meaning to the Commission's findings of conformity for transportation projects since many CIP projects are included in the local MPO and State TIP for Federal planning and funding purposes. If a project is determined to be "not in conformance," Federal standards will require that it be dropped from the TIP until the project is modified and its status changed to be in conformance, or the Comprehensive Plan/LRTP is amended to incorporate the project.

B. Conformity Standards and Criteria

The City Charter provides only minimal guidance to the Planning Commission and staff in judging Comprehensive Plan conformity. Specifically, the Charter states that the CIP document "...shall describe the **character and degree of conformity and nonconformity** of each project as it relates to the comprehensive plan."

At various places within the Charter this mandated review is asserted including "special report" provisions when capital projects are brought forth by a department independent of the regular capital improvement programming process. However, throughout the Charter's discussion on the CIP and its review and approval process, no additional standards or criteria are articulated to assist in concluding Comprehensive Plan conformity.

Historically, the Planning Commission and planning staff have utilized a four tiered system in defining "character and degree of conformity or nonconformity:"

- In Conformance with Plan
- Generally Conforms with Plan
- Not In Conformance with Plan
- Not in Plan

The range of factors that is used by staff in formulating a recommendation of conformity or nonconformity generally includes:

Explicit Reference and Plan Intent - Many of the projects proposed in the CIP are explicitly identified in the Comprehensive Plan, either on a map and/or in the text. In such cases, a finding of Plan Conformity -- assuming other criteria are met -- is easily established. An even larger number, however, are not shown, but their desirability, and thus assumed conformity, is implied. For example, the Comprehensive Plan does not get into such detail as the installation of a water fountain or play equipment in a specific City park. The park may be shown on a map in the Plan and the intent of maintaining such a park is implicit in the Plan's goals and textual descriptions. Thus, at a minimum, a finding of general conformity would be proposed.

Location - The vast majority of capital improvements are site specific. Streets, water mains, fire stations, and sewer treatment facilities are all examples

of capital projects where an expressed location can be determined. Firefighting equipment, on the other hand, is mobile and its use cannot as easily be tied to a physical site within the City.

The importance of location as a criterion has increased as we attempt to be more explicit in how we show public improvements in the Comprehensive Plan. In most cases, it is extremely helpful to have this level of detail for purposes of comparison. Conversely, such detail can become a liability as the exact location and dimensions of many capital improvements are justifiably altered as a project is refined for eventual construction.

A further element of judgement is then introduced as to the "degree" to which a proposed project may vary from how it is shown or described in the approved Plan. Is the proposed project in the exact location expressed in the Plan? If not, how and why is it different? And is that difference significant enough to render it in "No in Conformance" with the Plan? Or was some degree of modification of such a project implied (i.e., accepted) as part of the Plan's approval?

Size, Scale and Scope - The Plan's descriptions of capital projects can vary from the very explicit (i.e., four through lane roadway, left turn lanes, raised medians, 100 ft. ROW), to the very general (i.e., a community park within a sector of the city.) Once again, as the Plan becomes more detailed, those charged with the responsibility of recommending findings of Plan conformity will find both benefits and liabilities in the Plan's level of specificity.

Timing - With the incorporation of the phasing element (Tiers) into the Plan, the issue of when a public capital improvement is brought forward for development becomes increasingly significant. The availability of public infrastructure (e.g., sewer services, roads, water, and fire protection) plays a pivotal role in determining where and when private capital investment might occur. Added to this is the lengthy lead time often needed in planning for and constructing public improvements.

If a department proposes a project that explicitly varies from a development schedule outlined in the Plan, then a status of "Not in Conformance" is implied. Where such information is less explicit (i.e., no detailed schedule is included), then the timing issue must be related to the phasing plan and the project's impact on maintaining the integrity of that element of the Comprehensive Plan.

Project Definition and Description - A last factor used in reviewing Plan conformity is the representation that the department makes of the specific project. This is typically done within the CIP in the project title and the project description. This, in combination with information such as that outlined above, helps the reviewer form a broader understanding of the content and context of the proposed capital improvements. This in turn can be used in assessing conformity with the policies and directives contained in the Comprehensive Plan.

C. Capital Improvements Definition

In preparing the CIP, the City Charter defines "*capital improvements*" as consisting of the following:

"...the acquisition of real property; the acquisition, construction, reconstruction, improvement, extension, equipping, or furnishing of any physical improvement, but not routine maintenance work thereon; and equipment with a probable useful life of fifteen or more years."

This definition has served as the basis for the development of the attached CIP document. The term "Fiscal Year" (FY) as used in this document refers to the City's fiscal year that runs from September 1st through August 31st of the following year.

D. CIP Relation to TIP

Federal regulations require the development of a "transportation improvement program" (TIP) for metropolitan areas such as Lincoln. Similar in character to the City's CIP, the TIP is a multi-year, capital improvement programming document. It is used to help coordinate the implementation of transportation projects within metropolitan planning areas (MPA). The Lincoln TIP, for example, includes transportation projects for various levels of government (i.e., Federal, State, County, City), and for various modes of transportation (i.e., streets, airport, pedestrians, bicycles, transit services). It also serves as input into the State's TIP (STIP) that is used to coordinate transportation improvements for the entire State of Nebraska.

In years past, projects from the City's CIP have been incorporated into the Lincoln TIP following adoption of the CIP by the Council. Because of changes in Federal public involvement regulations and the desire locally to ensure that projects are properly coordinated between the two programming documents, it was decided several years ago that the two processes (i.e., formulation of the CIP and TIP) should be coordinated and processed in similar timeframes.

This year the TIP will cover the first four years (2012-2015) under consideration instead of the entire 6 years covered in the CIP. This is in accordance with Federal guidelines.

E. General Obligation (GO) Bonds

The City has historically used General Obligation (GO) bonds as one of several methods for financing capital improvements. The care used by past Administrations and Councils in going to the electorate with GO bond requests has been reflected in the relatively high approval rate we've experienced for such financing.

A relatively common funding source for City capital projects is the "general obligation (GO) bond." Unlike certain other forms of bonds, the City Council and Mayor cannot unilaterally issue GO bonds. The issuance of GO bonds is dependent upon the prior approval of the electorate of Lincoln. To eliminate the expense of a special election, GO Bonds may appear in

any year for which a regularly scheduled election is planned. Since the process of election, issuance of bonds, and the beginning of a project is likely to take several months, the Fiscal Year in which the bond election is held may not be the same year that the project is actually begun.

F. Project Scheduling

Project information included in the CIP typically indicates a project number and an associated fiscal year. The fiscal year designation should not be taken as an automatic indicator of when a particular facility will be finished and opened for public use. In certain cases, large scale capital projects take years to complete. The reader should consult the more detailed activity information contained on the Summary of Department Projects report for a better indication of exactly when a particular capital project is likely to be completed. And even with this, please be aware that other scheduling contingencies may occur that can alter the management and completion of the project.

II. CAPITAL IMPROVEMENTS PROGRAM DEPARTMENTAL REVIEW

This memorandum presents a department by department review of capital programs for the FY 2011/12-2016/17 time period. This includes a general staff discussion of recommended Comprehensive Plan conformity status for each department. The actual project-by-project recommendations will be identified in the detailed Project Summary report by department in the CIP document when it is forwarded to the City Council for consideration during the budget process. As with past CIP reviews, the four categories of conformity status mentioned earlier are used in this year's CIP development.

In the CIP document, Table 1 displays the total proposed capital funding by departments over the six-year programming period. Total dollar amounts by funding source are shown in Table 2. General revenue fund usage is presented in Table 3, while projected General Obligation (GO) bonds are presented in Table 4.

The balance of the memorandum considers the requested six year capital programs of each department. They are presented below in the same order as in the draft CIP document that is included with this memorandum.

A. FINANCE DEPARTMENT

The Finance Department's capital improvements program submittal this year targets improvements to the Communications/911 system and Pershing Auditorium.

1. Communications/911

The proposed Communications/911 CIP includes three projects designed to enhance operations over the six-year period. These projects include: (1) 800 MHz Trunked Radio System Upgrade; (2) and a mobile Communications Command Post to provide support in the field. The radio upgrade project is part of a proposed Public Safety Bond Issue planned to go before voters in FY

12/13, and the mobile command post is part of a proposed Public Safety Bond Issue scheduled in FY 16/17.

All of the projects included in the Communications/911 CIP are found to be in general conformance with the Comprehensive Plan.

2. Pershing Auditorium

Pershing Auditorium's proposed capital improvements program includes General Revenue funds for the continued minimal maintenance of the Auditorium during the first three years of the program. A bond issue was approved by the voters of the community in May 2010, to build a new arena facility in the Haymarket area. With this approval, the long-term use of the Pershing Center is up for discussion, but in the near-term, Pershing Auditorium will still need to be operational as an arena venue and maintained in a safe and operable condition for several years before the new arena is available for use.

The Pershing Auditorium CIP project is found to be in general conformance with the Comprehensive Plan.

C. FIRE & RESCUE DEPARTMENT

Lincoln Fire and Rescue Department's proposed CIP submittal includes four projects. These projects involve one new fire station, a relocated fire station, a replaced third station, and a general use fire station modifications and repairs project. All projects are proposed to be part of Public Safety Bond Issues planned to go before voters in FY 14/15 and FY 16/17 respectively.

All of the projects included in the Fire Department's CIP are found to be in general conformance with the Comprehensive Plan.

D. LINCOLN CITY LIBRARIES

The Lincoln City Libraries program includes six projects in the six year CIP. The largest single project in the Library program is the proposed replacement of the Bennett Martin Library in FY 2016/17. This project is proposed for a combination of a general obligation (GO) bond issue and other financing likely to include private fund raising. Using General Revenue funding, needed heating/cooling and HVAC projects in Bennett Martin Library are slated for FY 12/13, as is a geothermal conversion project at Gere Library. Anderson Branch Library is slated for new HVAC improvements in FY 13/14 using General Revenue funds. Bethany Branch Library is slated for a roof replacement in 14/15, also using General Revenue.

All of the projects included in the Library CIP are found to be in general conformance with the Comprehensive Plan.

E. LINCOLN ELECTRIC SYSTEM

The Lincoln Electric System's proposed \$292.7 million capital program embodies a substantial investment in electrical power supply and distribution for the community over the six-year period. The program plans for 11,000 new customers and an addition of 47 megawatts of power over the 6 year period. Underground distribution, with the majority going to new residential and commercial development, new transformers and meters, and power supply, including LES's investment in the Laramie River Station and new base load generation startup costs for a future plant, account for the largest portions of the program.

The Lincoln Electric System CIP is found to be in general conformance with the Comprehensive Plan.

F. POLICE DEPARTMENT

The proposed capital program for the Police Department involves five projects – relocation of the LPD K9 Training Facility, a study for a new Team Assembly Station in south Lincoln and construction of that facility, and a master plan for a new LPD Garage-Maintenance & Repair Facility and construction of that facility. The first project is shown in FY 11/12 using Other Financing to relocate the existing K-9 facility. The LPD Garage-Maintenance & Repair Facility Phase I and II is slated to be part of a Public Safety Bond Issue in FY 14/15. The LPD Team Assembly Station Phase I and II is slated to be part of a Public Safety Bond Issue in FY 16/17.

The Police Department CIP is found to be in general conformance with the Comprehensive Plan.

H. URBAN DEVELOPMENT

The Urban Development Department's proposed CIP includes twelve projects totaling over \$18.5 million over the six-year period. The funding for the program consists of Community Improvement Financing (or Tax Increment Financing), Community Development Block Grants, Revenue Bonds, City General Revenue funds, Service Charges, and Other Financing in the form of private financing. Public parking program projects, which were formerly part of the Public Works and Utilities CIP, are a major portion of Urban Development's CIP.

Notable projects included in the Urban Development CIP are the Civic Plaza project at 13th and P Streets, the Centennial Mall reconstruction project, a Wayfinding Signage project, and a Parking Meters replacement project.

The Urban Development CIP is found to be in full or general conformance with the Comprehensive Plan.

I. PARKS AND RECREATION

Proposed capital improvements to the City's parks and recreation system are projected to cost \$50 million over the six-year period. Athletic fees, General Obligation (GO) bonds, general revenue, Keno funds, Transportation Enhancement funds, impact fees, tennis fees, and the Parks

& Rec repair/replacement fund account for the majority of funds programmed for the CIP. Funds from private sources are also being shown for a substantial portion of the six year improvement program. A general obligation (GO) "Quality of Life Bond Issue" request amounting to \$19.9 million is planned for FY 14/15 for various improvements to the Parks & Recreation system.

The Parks & Recreation CIP is found to be in full or general conformance with the Comprehensive Plan.

K. PUBLIC WORKS AND UTILITIES

The Public Works and Utilities Department's capital program includes projects for seven divisions: (1) StarTran; (2) Streets and Highways; (3) Watershed Management; (4) Street Maintenance Operations; (5) Water; (6) Wastewater; and (7) Solid Waste Operations.

1. StarTran

StarTran's six-year, \$9.1 million proposed capital improvement program is funded largely through Federal transportation funding with \$7.6 million in funds, with the balance coming from City general revenue funds and special reserves. The largest single capital item is the accumulation of funds for replacement of 20 buses in FY 15/16. No General Revenue funds are programmed in the first year of this year's CIP.

The Star Tran CIP is found to be in full or general conformance with the Comprehensive Plan.

2. Streets and Highways

The Streets and Highways capital program proposed by Public Works & Utilities identifies a program totaling \$150.4 million over the six year programming period, a decrease of approximately \$5 million from last year's CIP. These projects range from resurfacing projects to pedestrian facilities to system management programs to the construction of major new roadway facilities.

With the adoption of the 2030 Comprehensive Plan in November of 2006, a list and map of specific street projects were included as part of the Plan. The "Streets and Highways" CIP submittal has been closely coordinated with the 2030 Comprehensive Plan which was used in determining Comprehensive Plan conformity. The 2040 update of the Comprehensive Plan, and with it the Long Range Transportation Plan, is underway. Changes in the priorities of the transportation plan are likely. These changes, once formally adopted into the new 2040 Comprehensive Plan, will need to be acknowledged in the capital programming beginning with the 2012/2013 CIP next year.

A variety of Federal, State and City revenues are utilized to fund the Streets and Highways program, including Impact Fees that began in 2003, City Wheel Tax revenues, and Federal transportation funds. The Public Works & Utilities Department anticipates a decrease in

Highway Allocation Funding (State gas tax revenues) over the next six years that will ultimately reduce the City's ability to meet the needs of the transportation system.

At this time, some of the on-going traffic signal, arterial and residential street rehabilitation, new street, trail rehabilitation, new trail, and sidewalk rehabilitation projects are not being funded to their full need in all 6 years. In particular, the referenced goal in the 2030 Comprehensive Plan to fund the sidewalk rehabilitation program annually to meet the stated goals of the Pedestrian Facilities ADA Transition Plan is not being met in the proposed CIP.

The notable projects in the first year of the program include arterial and residential street rehabilitation, the Southwest 40th Viaduct project, North 14th Street widening from Superior to Alvo, Traffic Optimization and Management Program projects, Safety and Operation Improvement Program projects, Sidewalk Maintenance and Repair Program projects, and impact fee funding for various arterial street projects within impact fee districts.

The Streets and Highways CIP is found to be in full or general conformance with the Comprehensive Plan.

3. Watershed Management

The proposed Watershed Management CIP contains approximately \$34.5 million in improvements over the six year period. The passage of three general obligation (GO) bond issues (in FY 2012/13, FY 2014/15, and FY 2016/17) would constitute the bulk of the funding for these improvements. The remaining watershed management projects are proposed to be funded through State/Federal Funds and Other Financing. These projects include water quality projects, stream rehabilitation on Parks property, floodplain/floodprone engineering and projects, urban storm drainage projects, implementation of Watershed Master Plan projects, and the continued development of Comprehensive Watershed Master Plans.

The Watershed Management CIP is found to be in full or general conformance with the Comprehensive Plan.

4. Street Maintenance Operations

The Street Maintenance Operations proposed CIP includes a New Salt Storage Shed at 3200 Baldwin Ave. using General Revenue in FY 2012/13, and the Southeast District Shop Addition project using Lease Purchase Financing in FY 2016/17.

The Street Maintenance Operations CIP is found to be in general conformance with the Comprehensive Plan.

5. Water Supply and Distribution

The proposed Lincoln Water System CIP contains approximately \$61.3 million in water supply, treatment, storage and distribution improvements over the six-year period. This is a lower total amount compared to last year's CIP. Included in this year's submittal are projects intended to

enhance water services to the existing City, while others will serve developing areas of Lincoln. The CIP has been prepared based upon information and recommendations contained in the 2030 Comprehensive Plan and Lincoln Water System Facilities Master Plan. Funding sources for projects include community improvement financing (TIF), revenue bonds, utility revenues, and impact fees. This proposed CIP assumes a 5% revenue increase in water utility revenues in FY 2011/2012. It should be noted that a comprehensive rate study of the City's utilities is underway and the findings of that study will be discussed later this year.

Continued in this year's program is general programming of projects intended to serve growth in the community. Specific programming of funding for these projects will be identified as planning and need become more apparent in future years. At this time, \$4.5 million in Impact Fees, Utility Revenue, and Revenue Bond funding has been programmed for a list of potential projects that total \$27.8 million in costs. To help meet the continuing growing need to replace the aging water main system, the Selected Main Replacement program is funded in FY 11/12 at \$4.86 million and at \$23.32 million over the 6 years of the program. Similarly, the Infrastructure Rehab program that funds needed maintenance of Water System facilities is funded at \$2.14 million in the first year and \$8.18 over the 6 years of the program. Specific developer commitments are funded in the program per annexation agreement requirements.

The Water Supply and Distribution CIP is found to be in general conformance with the Comprehensive Plan.

6. Wastewater

The proposed Lincoln Wastewater CIP contains approximately \$61.7 million in projects, encompassing both the Theresa Street and Northeast Treatment Plants, construction of new sanitary sewer mains, and the selective replacement of existing mains over the six-year period. This amount is lower than last year's program by about \$5 million. The CIP has been prepared based on information and recommendations contained in the 2030 Comprehensive Plan and the adopted Lincoln Wastewater Facilities Master Plan. Funding sources for projects include community improvement financing (TIF), revenue bonds, utility revenues, and impact fees. This proposed CIP assumes a 5% revenue increase in wastewater utility revenues in FY 2011/2012. It should be noted that a comprehensive rate study of the City's utilities is underway and the findings of that study will be discussed later this year.

Continued in this year's program is more general programming of projects intended to serve growth in the community. Specific funding for projects will be identified as planning and need become more apparent in future years. At this time, \$3 million in impact fees and utility revenues have been programmed for a list of potential projects that total \$27.4 million in costs. To help meet the continuing growing need to replace and repair the aging wastewater equipment, facilities, and collectors, the Selected Repair/Replacement of Wastewater Facilities/Collectors program is funded at \$14.4 million over the 6 years of the program. Of note is the funding of construction of Phase III and Phase IV of the Stevens Creek trunk sewer down to 98th and O Street in the first 3 years of the program. Also, specific developer commitments are funded in the program per annexation agreement requirements.

The Wastewater CIP is found to be in full or general conformance with the Comprehensive Plan.

7. Solid Waste Operations

Proposed capital improvements for the Solid Waste Operations program include projects related to the Bluff Road Sanitary Landfill, the North 48th Street Landfill and Transfer Station, and the Solid Waste Management System. The CIP totals approximately \$25 million over the six-year period which is a decrease from last year.

Notable projects include liner and leachate collection systems for new phases and final caps for older phases of the Bluff Road landfill, development of a landfill gas collection and utilization system, expansion of recycling facilities, consideration for park development for the N 48th Street landfill after closure, and closure of the North 48th Street landfill.

The Solid Waste Operations CIP is found to be in general conformance with the Comprehensive Plan.